

Item: 6

Harbour Authority Sub-committee: 23 January 2024.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Draft Budgets.

Report by Corporate Director for Enterprise and Sustainable Regeneration.

1. Purpose of Report

To consider the draft revenue budgets for Miscellaneous Piers and Harbours and Scapa Flow Oil Port for 2024/25.

2. Recommendations

The Sub-committee is invited to note:

2.1.

That the respective budgets for Miscellaneous Piers and Harbours and Scapa Flow Oil Port, as trading activities, should normally be based on an assumption that a surplus can be generated from their activities.

2.2.

That, after applying inflationary and budgetary assumptions, the draft revenue budget in respect of the Miscellaneous Piers and Harbours for 2024/25 is indicating a net surplus of £3,178,600.

2.3.

That provision of £2,765,000 has been made within the revenue budget for Miscellaneous Piers and Harbours in respect of maintenance and repair works.

2.4.

That, after applying inflationary and budgetary assumptions, the draft revenue budget in respect of the Scapa Flow Oil Port for 2024/25 is indicating a net surplus of £1,140,500.

It is recommended:

2.5.

That the draft revenue budgets for financial year 2024/25 in respect of Miscellaneous Piers and Harbours and Scapa Flow Oil Port, attached as Annex 1 to this report, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

3. Background

3.1.

This report details the budgetary requirements of Miscellaneous Piers and Harbours and Scapa Flow Oil Port for 2024/25. As trading activities, it is considered good practice to agree annual budgets in advance of the financial year commencing.

3.2.

Annual contributions from the operation of the Miscellaneous Piers and Harbours Account are set aside in the Miscellaneous Piers Property Maintenance Fund to support the development of a long-term Property, Plant and Equipment Maintenance Programme.

4. Budget Setting 2024/25

4.1.

In setting both revenue budgets for 2024/25 the following inflationary assumptions have been applied:

Staff Costs	2.0%
Property	15.0%
Transportation	3.0%
Apportioned Costs	2.0%
Fees and Charges	7.0%
Harbour Dues	7.0%
Tanker Harbour Dues	7.0%

4.2.

The draft revenue budget for Miscellaneous Piers and Harbours is based on the following assumptions:

- Application of inflation resulting in a net budget income increase of £404,500.
- A revenue repairs and maintenance programme of works increased from £2,096,500 to £2,765,000, which will be funded from the Miscellaneous Piers Property Maintenance Fund.

- An estimated increase in Loan Charges of £60,200 to reflect the outstanding loans fund balance at 31 March 2024 and factoring in £300,000 to fund the annual minor capital improvements budget.
- There is a budget of £250,000 to cover costs in relation to strategic project developments.
- Projected income levels are based on projected income from Harbour Dues and Cruise Liner income which is showing an overall increase of £1,416,000.
- Other adjustments include a realignment of staffing costs following a review of workload, and is now more reflective of the work being carried out by the service.

4.3.

On application of the inflationary and budgetary assumptions shown above, the net expenditure budget for Miscellaneous Piers and Harbours has changed from a surplus budget position of £1,660,000 for 2023/24, to a surplus position of £3,178,600 for 2024/25.

4.4.

The Scapa Flow Oil Port budget for 2024/25 is based on the following assumptions:

- Application of inflation resulting in a net budget income increase of £345,000.
- Estimated reduction in Finance Charges of £293,800 due to a reduction in the funding required for the annual minor capital improvements budget.
- Other adjustments include a realignment of staffing costs following a review of workload, and is now more reflective of the work being carried out by the service.
- The harbours dues income adjusted on the following basis:
 - 16 tankers generating net income of £6,873,200 (2023/24: 22 tankers £4,254,500). The charge per gross tonnage have been increased from £3.36 to £7.20.
 - 25 ship to ship transfers generating net income of £922,200 (2023/24: 65 ship to ship transfers £2,176,100).
 - Pilotage generating income of £492,800 (2023/24: £1,054,100).

4.5.

On application of the inflationary and budgetary assumptions shown above, the net surplus budget for Scapa Flow Oil Port of £211,000 for 2023/24 has increased to a net surplus budget of £1,140,500 for 2024/25.

5. Corporate Governance

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

6.1.

The financial implications are detailed throughout the report.

6.2.

Any surplus on the Scapa Flow Oil Port at the year-end, currently estimated at £1,140,500, will be transferred to the Strategic Reserve Fund.

6.3.

For Miscellaneous Piers and Harbours, any underspend on the revenue repairs and maintenance programme for financial year 2023/24 will be allocated to the Miscellaneous Piers Property Maintenance Fund; any other surplus for 2023/24 will increase the prior year accumulated balance.

7. Legal Aspects

There are no direct legal implications arising from the recommendations of this report.

8. Contact Officers

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9. Annex

Annex 1: Miscellaneous Piers and Harbours and Scapa Flow Oil Port Draft Revenue Budgets for 2024/25.

Miscellaneous Piers & Harbours									
	2023/24	Budgetary Assumptions							2024/25
	Approved Budget	Return One Offs	Staffing Increase	Inflation	Major Maintenance and Repairs Programme	Loan Charges	Harbour Dues/Cruise Liner Income	Other Adjustments	Draft Budget
	£000		£000	£000	£000	£000	£000	£000	£000
Miscellaneous Piers	(3,113.3)	(2,104.8)	197.4	(416.0)	2,765.0	-	(1,416.0)	-	(4,087.7)
Administration	510.7		62.2	11.6	-	-	-	-	584.5
Miscellaneous Piers Development	285.4		2.3	6.9	-	-	-	250.0	544.6
Environmental Unit	53.8		(7.9)	-	-	-	-	(10.6)	35.3
Marine Officers and Pilots	583.7		328.9	0.1	-	-	-	-	912.7
Navigational Aids	35.9		-	1.3	-	-	-	-	37.2
Weather Forecasts	7.4		-	0.2	-	-	-	-	7.6
Harbour Launches	797.1		115.5	6.8	-	-	-	-	919.4
Oil Pollution	104.5		(20.1)	(0.1)	-	-	-	-	84.3
Pilotage Income	(834.8)		-	(58.5)	-	-	-	(101.2)	(994.5)
Finance Charges	3,775.4	(2,335.8)	-	43.2	-	60.2	-	-	1,543.0
Movement in Reserves	(3,865.8)	3,865.8	-	-	(2,765.0)	-	-		(2,765.0)
Service Totals	(1,660.0)	(574.8)	678.3	(404.5)	-	60.2	(1,416.0)	138.2	(3,178.6)

Scapa Flow Oil Port								
	2023/24	Budgetary Assumptions						2024/25
	Approved Budget	Budget Changes	Inflation	Staff Costs	Finance Charges	Adjustments	Fees and Charges	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Administration	943.6	5.9	80.5	53.5	-	(345.5)	-	738.0
Scapa Flow Development	232.5	8.9	6.7	0.6	-		-	248.7
Oil Pollution	102.9		1.4	4.8	-		-	109.1
Environmental Unit	117.8	20.9	1.0	13.1	-		-	152.8
Marine Officers and Pilots	635.4		1.5	(85.1)	-		-	551.8
Navigational Aids	99.2		3.0	-	-	-	-	102.2
Weather Forecasts	7.5		0.2	-	-	-	-	7.7
Harbour Launches	614.8		2.8	26.9	-	-	-	644.5
Towage Services	2,768.0		35.1	74.0	-	-	-	2,877.1
Harbour Dues	(7,529.7)		(532.0)	-	-	(97.7)	-	(8,159.4)
Finance Charges	1,797.0	29.0	54.8	-	(293.8)	-	-	1,587.0
Service Totals	(211.0)	64.7	(345.0)	87.8	(293.8)	(443.2)	-	(1,140.5)